

**FORM
N-314
(1997)**

HOTEL REMODELING TAX CREDIT

19__

Or fiscal year beginning _____, 19 ____, and ending _____, 19 ____

ATTACH THIS SCHEDULE TO FORM N-11, N-12, N-15, N-30, N-40, OR N-70NP

SSN OR FEIN

Name

Hawaii G.E./Use Ident. Number

COMPUTATION OF TAX CREDIT

1. Name and address of hotel/hotel-condo for which the tax credit is being claimed _____		
2. Was the hotel/hotel-condo placed in service before June 5, 1997? <input type="checkbox"/> Yes <input type="checkbox"/> No If "No", STOP . You cannot claim this tax credit. If "Yes", go to line 3.		
3. Date hotel/hotel-condo placed in service (month, day, year) _____		
4. Total qualifying renovation cost incurred during the taxable year for the hotel facility identified in line 1	4	
5. Tax credit percentage.....	5	4%
6. Multiply line 4 by line 5 and enter result here	6	
7. Amount of transient accommodations tax paid in the preceding taxable year that is attributable to the hotel facility identified in line 1	7	
8. Tax credit limited by 10% of transient accommodations tax paid	8	10%
9. Multiply line 7 by line 8 and enter result here	9	
10. Hotel Remodeling Tax Credit —Compare the amounts on lines 6 and 9 above and enter the smaller of the two amounts here and on Form N-11, line 46; N-12, line 58; N-15, line 63; N-30, line 18(g); N-40, Schedule F, line 3; or N-70NP, line 16(h) (rounded to the nearest dollar for individual taxpayers).....	10	

GENERAL INSTRUCTIONS

Pursuant to Act 108, Session Laws of Hawaii 1997, each taxpayer subject to Hawaii's net income tax and transient accommodations tax may claim a hotel remodeling tax credit of 4 percent of the qualified renovation cost incurred during the taxable year for each qualified hotel facility located in Hawaii. The amount of the tax credit shall be limited by an amount that shall not exceed 10 percent of the transient accommodations tax paid by the taxpayer in the preceding taxable year that is attributable to the qualified hotel facility.

No tax credit shall be allowed for that portion of the renovation cost for which another tax credit was claimed under chapter 235, Hawaii Revised Statutes (HRS), for the taxable year.

If a deduction is taken under Internal Revenue Code (IRC) section 179 (regarding an election to expense certain depreciable business assets) no tax credit shall be allowed for that portion of the renovation cost for which the deduction was taken.

The basis of eligible property for depreciation or ACRS purposes for state income taxes shall be reduced by the amount of tax credit allowable and claimed.

The tax credit shall be available for taxable years beginning after December 31, 1996, and shall not be available for taxable years beginning after December 31, 1998.

In the case of a partnership, S corporation, estate, or trust, the tax credit allowable is for qualified renovation cost incurred by the entity for the taxable year. The renovation cost upon which the tax credit is computed is determined at the entity level. Each partner, S

corporation shareholder, or beneficiary of an estate or trust shall separately take into account for its taxable year with or within which the entity's taxable year ends, the partner's, shareholder's, or beneficiary's share of the renovation cost and resulting tax credit. A partner's share of the renovation cost shall be determined in accordance with the ratio in which the partners divide the general profits of the partnership. The renovation cost of the partnership which is subject to a special allocation that is recognized under IRC section 704(a) and (b) shall be recognized for the purposes of this tax credit. Each S corporation shareholder's renovation cost is the shareholder's allocated share of the S corporation's renovation cost. A beneficiary's share of the renovation cost is apportioned between the entity and the beneficiaries based on the income of the entity allocable to each. The term "beneficiary" includes an heir, legatee, or devisee.

In the case of a taxpayer who is a member of a pass-through entity (i.e., partnership, S corporation, estate, or trust) and who claims a tax credit for the entity's qualified renovation cost, the taxpayer shall attach Form N-314A to Form N-314 when the tax credit is claimed.

Tax credit to be deducted from income tax liability, if any; refunds. If the tax credit exceeds the taxpayer's income tax liability, the excess of tax credit over liability shall be refunded to the taxpayer; provided that no refunds or payment on account of the tax credit shall be made for amounts less than \$1. There shall be no carryback or carryover of excess tax credit over tax liability.

(Continued on back)

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Time for filing. All claims for a tax credit must be filed on or before the end of the 12th month following the close of the taxable year for which the tax credit may be claimed. An extension of time for filing a return does not extend the time for claiming the tax credit. Failure to comply with the foregoing provision shall constitute a waiver of the right to claim the tax credit.

Definitions. For purposes of the tax credit:

“Qualified hotel facility” means a hotel/hotel-condo as defined in section 486K-1, HRS, and which was placed in service before June 5, 1997.

“Renovation cost” means any costs for plans, design, construction, and equipment related to alterations and modifications to an existing qualified hotel facility.

SPECIFIC INSTRUCTIONS

Line 1 — Enter the name and address of the qualified hotel facility located in Hawaii.

Line 3 — Enter the date the qualified hotel facility was placed in service. The hotel facility must have been placed in service before June 5, 1997.

Line 4 — Enter the total qualifying renovation cost incurred during the taxable year for the hotel facility identified in line 1. Do not include that portion of the renovation cost for which another tax credit was claimed under chapter 235, HRS, for the taxable year. Do not include that portion of the renovation cost for which a deduction is taken under IRC section 179.

If you received a distribution of qualifying renovation cost from a partnership, S corporation, estate, or trust, enter your share of the distribution as reported on Form N-314A on line 4.

Line 7 — Enter the amount of transient accommodations tax paid by the taxpayer in the preceding taxable year that is attributable to the hotel facility identified in line 1.

If you received a distribution of transient accommodations tax from a partnership, S corporation, estate, or trust, enter your share of the distribution as reported on Form N-314A on line 7.

Line 10 — Enter the total tax credit claimed for the year on this line and on the applicable line of your tax return. For individual taxpayers, round the amount on line 10 to the nearest dollar.